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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1207 Session of  
2013

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INTRODUCED BY CHRISTIANA, EMRICK, PICKETT, MILLARD, MICOZZIE,  
B. BOYLE, KAUFFMAN, KILLION, AUMENT, DUNBAR, READSHAW, ROCK,  
C. HARRIS, VEREB, SWANGER AND GINGRICH, APRIL 16, 2013

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REFERRED TO COMMITTEE ON EDUCATION, APRIL 16, 2013

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AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
2 act relating to tax reform and State taxation by codifying  
3 and enumerating certain subjects of taxation and imposing  
4 taxes thereon; providing procedures for the payment,  
5 collection, administration and enforcement thereof; providing  
6 for tax credits in certain cases; conferring powers and  
7 imposing duties upon the Department of Revenue, certain  
8 employers, fiduciaries, individuals, persons, corporations  
9 and other entities; prescribing crimes, offenses and  
10 penalties," further providing for limitations.

11 The General Assembly of the Commonwealth of Pennsylvania  
12 hereby enacts as follows:

13 Section 1. Section 1706-F(a) of the act of March 4, 1971  
14 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended  
15 to read:

16 Section 1706-F. Limitations.

17 (a) Amount.--

18 (1) The total aggregate amount of all tax credits  
19 approved shall not exceed [\$100,000,000] \$125,000,000 in a  
20 fiscal year. No less than [\$60,000,000] \$75,000,000 of the  
21 total aggregate amount shall be used to provide tax credits

1 for contributions from business firms to scholarship  
2 organizations. No less than [\$30,000,000] \$37,500,000 of the  
3 total aggregate amount shall be used to provide tax credits  
4 for contributions from business firms to educational  
5 improvement organizations.

6 (2) The following apply to specific fiscal years:

7 (i) For fiscal years 2004-2005, 2005-2006 and 2006-  
8 2007, the total aggregate amount of all tax credits  
9 approved for contributions from business firms to pre-  
10 kindergarten scholarship programs shall not exceed  
11 \$5,000,000 in a fiscal year.

12 (ii) For fiscal years 2007-2008, 2008-2009, 2009-  
13 2010, 2010-2011 and 2011-2012, the total aggregate amount  
14 of all tax credits approved for contributions from  
15 business firms to pre-kindergarten scholarship programs  
16 shall not exceed \$8,000,000 in a fiscal year.

17 (iii) For fiscal year 2012-2013 [and each fiscal  
18 year thereafter], the total aggregate amount of all tax  
19 credits approved for contributions from business firms to  
20 pre-kindergarten scholarship programs shall not exceed  
21 \$10,000,000 in a fiscal year.

22 (iv) For fiscal year 2013-2014 and each fiscal year  
23 thereafter, the total aggregate amount of all tax credits  
24 approved for contributions from business firms to pre-  
25 kindergarten scholarship programs shall not exceed  
26 \$12,500,000 in a fiscal year.

27 (b) Activities.--No tax credit shall be approved for  
28 activities that are a part of a business firm's normal course of  
29 business.

30 (c) Tax liability.--

1           (1) Except as provided in paragraph (2), a tax credit  
2 granted for any one taxable year may not exceed the tax  
3 liability of a business firm.

4           (2) In the case of a credit granted to a pass-through  
5 entity which elects to transfer the credit according to  
6 section 1705-F(e), a tax credit granted for any one taxable  
7 year and transferred to a shareholder, member or partner may  
8 not exceed the tax liability of the shareholder, member or  
9 partner.

10          (d) Use.--A tax credit not used by the applicant in the  
11 taxable year the contribution was made or in the year designated  
12 by the shareholder, member or partner to whom the credit was  
13 transferred under section 1705-F(e) may not be carried forward  
14 or carried back and is not refundable or transferable.

15          (e) Nontaxable income.--A scholarship received by an  
16 eligible student or eligible pre-kindergarten student shall not  
17 be considered to be taxable income for the purposes of Article  
18 III.

19          Section 2. This act shall take effect in 60 days.